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C O N F I D E N T I A L BOGOTA 001584

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TAGS: [ECON](#) [EFIN](#) [CO](#)

SUBJECT: COLOMBIAN FIU (MONEY LAUNDERING PREVENTION UNIT):
COOPERATION STRONG, MODEL FOR OTHERS

Classified By: CDA: MKDRUCKER

(SUMMARY) 1. (U) Colombia's financial intelligence unit, UIAF, is an important ally in the effort to combat money-laundering activities and narco-terrorist groups. In 2006 UIAF's budget was doubled, allowing for the creation of new outreach and public awareness programs as well as a restructuring of data collection teams to match partner organizations. UIAF's is a model of cooperation with the U.S. and next steps include the passage of pending legislation to criminalize terrorist financing in Colombia. UIAF hopes that new legislation, which will clarify banking secrecy laws and bring Colombia's regime more in line with international levels, will quickly win approval and increase already strong bilateral cooperation. (END SUMMARY)

UIAF

2.(U) UIAF, Unidad Administrativa Especial de Informacion y Analysis Financiero, was one of the first in the region and was modeled on FINCEN. UIAF receives and analyzes reports of suspicious transactions from banking institutions to identify potential money-laundering cases. The unit does not have any criminal investigative authority, but does provide information to investigative agencies such as the national police, the fiscalia (equivalent of the district attorney's office), and other criminal investigators. UIAF is a member of the Egmont group and does not have a special bilateral agreement with the U.S. Despite the absence of a special MOU, UIAF works with the U.S. Department of Treasury's financial crimes enforcement network office (FINCEN) under the precepts of the Egmont agreement. Employees of the UIAF are subject to a rigorous agency-imposed vetting process, which includes a background investigation and a polygraph test.

¶3. (SBU) UIAF provides financial information to the Department of Treasury's Office of Foreign Asset Control (OFAC), Department of Homeland Security, and the Department of Justice's Drug Enforcement Agency. The GOC nearly doubled UIAF's 2006 budget, increasing full-time staff to 40 employees. UIAF is almost completely automated allowing for the expeditious relay of suspicious transactions from the banks directly to the analyst units. UIAF regularly provides U.S. and Colombian investigative authorities with information. Recently UIAF provided support and information on two recent high profile cases; the Grupo Grajales (North Valle Cartel) and the Rodriguez Orejuela brother's Drogas La

Rebaja (Cali Cartel) case. In one instance, UIAF information led to the identification and seizure of an important North Valle Cartel account in the U.S.

CURRENT PROJECTS

4.(C) Department of Homeland Security Officials are currently working with Colombia's customs and tax authorities (DIAN) to implement an import/export verification program to be called "Trade Transparency". The program compares the DIAN's import-export tax receipts against tax returns filed by businesses. The Dian reports those companies that demonstrate large discrepancies in their trade activities compared to their tax filings to UIAF. UIAF then analyzes and evaluates transactions related to those suspect companies. Suspicious activity is submitted to the Department of Homeland Securities' vetted unit within the National Police for investigation and prosecution both in Colombia and the U.S.

5.(C) UIAF is preparing a campaign in conjunction with the local telephone companies and other partners to educate vulnerable segments of the population against abetting money-laundering. The campaign includes the distribution of flyers in the major cities advertising free money and easy money obtained through the lending of one's identity, checking or savings accounts. The phone number listed on the flyers dials a call center donated by local telecom companies. The caller is informed of the dangers in answering these types of ads. Lastly, television advertisements further reinforce the concept that lending one's name or other sensitive information is not only detrimental to the individual, but is also a crime punishable with fines and imprisonment.

16. UIAF reorganized project teams to better exploit relationships with law enforcement agencies. The unit's employees are grouped along the same lines as their investigative counterparts and each team focuses on cases that will appeal to their counterpart's mandate. In 2005, UIAF requested an inspection by the Treasury's office of technical assistance, and the results were used by UIAF to improve operations.

NEXT STEPS

13. UIAF is seeking to bring Colombia closer to compliance with international standards on combating terrorist financing. UIAF presented a proposal to Congress in December of 2005 that modifies the laws regulating the banking sector's reporting requirements, allows UIAF to receive reports from the financial sector about possible terrorist financing, includes terrorist finance activities in the criminal code, and adds terrorist financing to related crimes such as extortion and narcotics trafficking. UIAF director Alberto Lozano has requested assistance from poQto help design a strategy to move the new law through Congress. The new legislation would also criminalize terrorist financing and expand UIAF's mandate to include reporting on terrorist-related financial transactions. Lozano pointed out that while the working relationship with post is very strong, USG assistance was needed to obtain Congressional approval of this new legislation.

COMMENT

7.(U) UIAF does exactly what its mandate outlines, and areas for improvement lie more in the uses and application of UIAF prepared reports. Colombian investigative units are only beginning to use the information UIAF can provide and this limits the overall effectiveness of Colombian law enforcement. Additionally, current Colombian secrecy laws prevent investigative authorities from using UIAF reports outright, increasing the cost of investigations. The new

money-laundering legislation seeks to address these issues. Post will work with UIAF and the Congress to insure that the new law does not lower UIAF's efficacy and does not harm the excellent working relationship we currently enjoy.

DRUCKER